



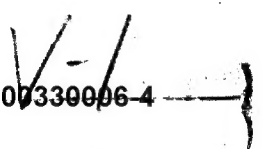
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SUMMARY: ONE YEAR AFTER THE CEASEFIRE AGREEMENT HANOI IS
STALLED IN ITS STRUGGLE FOR DOMINATION IN THE SOUTH. ITS

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EFFORTS TO REVIVE THE ECONOMY AT HOME FACE FORMIDABLE OBSTACLES, SOME OF THEM COMMON TO UNDER-DEVELOPED COUNTRIES, OTHERS ARISING FROM HANOI'S SPECIAL IDEOLOGICAL POSITION. ALTHOUGH THE REGIME WANTS TO AVOID COMMITTING ITSELF TO ANY LONG-RANGE POLICY OPTION, ITS ALLIES HAVE ATTACHED STRINGS TO THEIR LATEST AID PACKAGES WHICH HAMPER THE REGIME'S FLEXIBILITY, IN BOTH THE ECONOMIC AND THE MILITARY SPHERES. WITHOUT SIGNIFICANT DEMOBILIZATION THERE WILL BE NO MAJOR RELIEF FROM THE ECONOMIC PROBLEMS FACING THE COUNTRY. THE PRESSURES RESULTING FROM CONTINUING DIVERSION OF RESOURCES TO FIGHTING IN THE SOUTH ARE LIKELY TO ADD TO THESE DIFFICULTIES. END SUMMARY.

A. THE ECONOMY AND RECONSTRUCTION

1. SINCE THE JANUARY 1973 CEASEFIRE AGREEMENT, THE NORTH VIETNAMESE LEADERSHIP HAS PORTRAYED RECONSTRUCTION AS AN IMMEDIATE PRIORITY. A POLITBURO RESOLUTION OF 12 MARCH CALLED FOR THE "RAPID" DEVELOPMENT OF SOCIALISM IN THE NORTH IN THE WAKE OF THE "MAJOR VICTORY" IN THE SOUTH, AND PREMIER PHAM VAN DONG'S SPEECH ON NATIONAL DAY IN SEPTEMBER REITERATED THESE THEMES.

2. ACCORDING TO HANOI'S PRONOUNCEMENTS, THE FIRST OBJEC-

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TIVE IS TO RESTORE THE COUNTRY'S TRANSPORTATION SYSTEM, HOUSING, HEALTH AND POWER FACILITIES, ALL OF WHICH WERE DAMAGED BY THE BOMBING IN 1972. WITH CONSIDERABLE EFFORT AND FOREIGN ASSISTANCE, SOME PROGRESS HAS BEEN MADE IN THESE AREAS. RAIL LINES LINKING HANOI WITH THE NORTHEAST AND WITH VINH TO THE SOUTH ARE BACK IN OPERATION, AND TRAIN SCHEDULES ARE BEING PUBLISHED. HANOI'S GIA LAM AIRPORT HAS BEEN PARTIALLY REBUILT, AND INTERNAL AIRLINE REPORTEDLY IS FLYING SHORT LEGS. MAJOR ROADS ARE OPEN, AND SEVERAL LARGE BRIDGES NEAR HANOI -- SUCH AS THE "PAUL DOUMIER" -- HAVE BEEN REPAIRED. REFUGEES HAVE RETURNED TO URBAN AREAS EVACUATED DURING THE BOMBING, AND THE CONSTRUCTION OF CIVILIAN HOUSING PROJECTS AND HOSPITALS IS UNDERWAY, PARTICULARLY IN THE CAPITAL.

3. AS RESULT OF THE RECONSTRUCTION OF SEVERAL GENERATING PLANTS, THE COUNTRY'S ELECTRIC POWER OUTPUT DOUBLED IN 1973 AND IS ABOUT 50 PERCENT OF CAPACITY PRIOR TO THE RESUMPTION OF THE BOMBING IN LATE 1972. CHINA AND SEVERAL EASTERN EUROPEAN COUNTRIES HAVE HELPED TO PUT SMALL HANDICRAFT FACTORIES BACK IN OPERATION, AND THE SOVIETS HAVE PROVIDED EQUIPMENT FOR RECONSTRUCTION OF THE RAIL YARDS AT VINH WHERE LOCO-

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ALL OF WHICH, IT SAID, HAD GENERATED "NEGATIVE PHENOMENA" IN THE SOCIETY AND ECONOMY. ALTHOUGH THE COUNCIL OF MINISTERS APPROVED THE 1974 STATE PLAN AND BUDGET ALONG WITH THE REPORT, NO DETAILS HAVE BEEN PUBLISHED. RADIO HANOI SIMPLY ANNOUNCED THAT THE PEOPLE WOULD HAVE TO PUT MORE EFFORT AND SPIRIT INTO RECONSTRUCTION SO AS TO ACCELERATE PROGRESS IN 1974 AND 1975 AND PREPARE THE WAY FOR LONG-TERM ECONOMIC DEVELOPMENT AFTER THAT.

5. ALTHOUGH THE U.S. BOMBING IN 1972 DID NOT SUBSTANTIALLY AFFECT NORTH VIETNAM'S AGRICULTURAL OUTPUT -- WHICH REMAINED CLOSE TO THE AVERAGE OF THE PREVIOUS FOUR YEARS -- THE COUNTRY IS STILL A LONG WAY FROM SELF-SUFFICIENCY IN FOOD PRODUCTION. IN 1973 THE SPRING RICE HARVEST, WHICH NORMALLY ACCOUNTS FOR ONE-THIRD OF ANNUAL RICE PRODUCTION AND FOR ALL SECONDARY CROPS, WAS GENERALLY SATISFACTORY, ALTHOUGH A LATE COLD WAVE RESULTED IN MINOR SHORTFALLS. HOWEVER, EXTENSIVE FLOODING DURING THE FALL DESTROYED 20 TO 30 PERCENT OF OCTOBER RICE CROP, WHICH BY OFFICIAL ACCOUNTS RANKED FIFTH AMONG THOSE OF THE PAST 15 YEARS. MOREOVER, A RECENT COLD WAVE

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AND DROUGHT HAVE DAMAGED RICE SEEDLINGS AND PUT THE UPCOMING SPRING HARVEST IN JEOPARDY. TOGETHER, THE TWO CROPS WILL PROBABLY MEET ONLY 75 PERCENT OF SUBSISTENCE REQUIREMENTS (AS COMPARED WITH 90-95 PERCENT IN PREVIOUS YEARS). CLEARLY THE REGIME WILL HAVE TO DEVOTE MORE RESOURCES TO AGRICULTURE AND WILL REQUIRE MORE FOREIGN ASSISTANCE.

6. ANY SHORTFALLS IN FOOD PRODUCTION WILL BE KEENLY FELT BY THE POPULATION. THE FOOD RATION IS STILL 50 PERCENT RICE AND 50 PERCENT SUBSTITUTES, SUCH AS WHEAT AND SOYBEAN, AND THE REGIME HAS RECENTLY ATTEMPTED TO EXPAND CORN PRODUCTION TO PREVENT FURTHER CUTBACKS. FRESH FOOD AND MEAT ARE NOW SCARCER ON THE OFFICIAL AND FREE MARKETS THAN AT ANY TIME SINCE THE CEASEFIRE AGREEMENT, AND INFLATION HAS BEEN A CONSTANT PROBLEM. ACCORDING TO A RECENT RALLIER, THE PRICE OF RICE ROSE 33 PERCENT BETWEEN 1971 AND 1973; PORK, 50 PERCENT; AND CHICKEN, 75 PERCENT. DURING THE FALL OF 1973, FOOD PRICES IN HANOI ROSE BY ANOTHER 30 PERCENT. MOREOVER, MAJOR FLUCTUATIONS IN AGRICULTURAL OUTPUT WOULD AFFECT THE NATION'S ECONOMY AS A WHOLE, FOR AGRICULTURE ACCOUNTS FOR NEARLY 75 PERCENT OF THE NATIONAL LABOR FORCE AND 50

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PERCENT OF THE GROSS NATIONAL PRODUCT.

7. ONE OF THE MAIN HANDICAPS HANOI FACES IN RECONSTRUCTION IS THE SHORTAGE OF SKILLED MANPOWER. SINCE 1965, THE COUNTRY HAS SACRIFICED OVER ONE MILLION MEN TO THE WAR. MANY WERE THE MOST SKILLED AND BEST TRAINED CADRE SINCE THE DEFERMENTS THAT WOULD HAVE KEPT THEM OUT OF THE MILITARY SERVICE WERE STEADILY NARROWED. IN ADDITION, ALTHOUGH THE COUNTRY STILL HAS AN ADVANCED SECONDARY SCHOOL SYSTEM, UNIVERSITY STUDIES HAVE BEEN DRASTICALLY CURTAILED SINCE 1967 BECAUSE OF REQUIREMENTS IN THE SOUTH. EARLIER, IN 1962 AND 1963, THE REGIME ABBREVIATED STUDENT EXCHANGE PROGRAMS WITH THE SOVIET UNION AND CHINA FOR FEAR OF SOVIET "REVISIONISM" AND THE CULTURAL REVOLUTION.

8. AS A RESULT, NORTH VIETNAM NOW IS BURDENED WITH A HIGHLY INEFFICIENT LABOR FORCE AND A PAUCITY OF MANAGERIAL TALENT. AN ESTIMATED 80 PERCENT OF THE AGRICULTURAL WORKERS ARE WOMEN OR CHILDREN WHO ARE NOT IDEALLY SUITED TO LONG HOURS AND HEAVY LABOR. IN INDUSTRY, THE SKILLED LABOR SHORTAGE IS REFLECTED IN LOW PRODUCTIVITY. THE PARTY NEWSPAPER IN OCTOBER COMPLAINED THAT CONSTRUCTION WORKERS

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AVERAGED ONLY 19 HOURS OF WORK EACH MONTH AND ONLY 20 PERCENT OF THE MACHINERY WAS OPERATIONAL AT ANY TIME. SIGNIFICANTLY, THE MAJOR OBJECTIVE OF HOANG QUOC VIET'S TRADE UNION IS TO INCREASE LABOR PRODUCTIVITY TO EIGHT HOURS PER DAY.

9. MANAGERIAL PROBLEMS AND INEFFICIENCY ALSO ARE APPARENT IN THE UPPER LEVELS OF THE GOVERNMENT. ONLY THOSE AGENCIES DIRECTLY CONCERNED WITH THE WAR--SUCH AS THE MINISTERS OF SECURITY AND NATIONAL DEFENSE--HAVE DEVELOPED A CAPACITY FOR RAPID DECISION MAKING AND POLICY IMPLEMENTATION. THE LESSER BUREAUCRACIES OVERLAP AND OBSTRUCT EACH OTHER, AS WAS CLEAR DURING NEGOTIATIONS BETWEEN NORTH VIETNAMESES AND U.S. REPRESENTATIVES OVER MINE-SWEEPING OPERATIONS IN 1973. EACH DECISION HAD TO BE CLEARED BY HAIPHONG PORT AUTHORITIES, THE CITY COUNCIL, AND VARIOUS MINISTRIES IN HANOI. THE FRENCH ECONOMIC MISSION TO HANOI IN THE SUMMER OF 1973 FACED SIMILAR RED-TAPE.

12. SOME STOP-GAP MEASURES HAVE BEEN UNDERTAKEN TO OFFSET THESE PROBLEMS. HANOI HAS BEGUN, FOR INSTANCE, TO

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ALLOW FOR MORE LOCAL INITIATIVE IN DECISION-MAKING, PARTICULARLY IN SUCH FIELDS AS SCHOOL AND HOSPITAL CONSTRUCTION WHERE IT IS NOT EQUIPPED TO RESPOND TO ACCELERATING LOCAL NEEDS. THIS MAY BUY TIME FOR THE CENTRAL MANAGERS TO PUT THEIR OWN HOUSE IN ORDER, ALTHOUGH IT COULD WORSEN BUREAUCRATIC DUPLICATION AND MISMANAGEMENT AND WEAKEN IDEOLOGICAL DISCIPLINE OVER THE LONG HAUL.

11. THE REGIME ALSO HAS ORDERED A HOUSECLEANING IN THE PARTY TO WEED OUT THE INEFFICIENT MANAGERS. THE DRIVE BEGAN WITH A POLITBURO RESOLUTION IN FEBRUARY 1973 CALLING FOR IMPROVEMENT OF PARTY CADRE, AND SINCE THEN THE OFFICIAL PRESS HAS CONTINUED TO BELABOR THE TOPIC. ALTHOUGH SHAKE-UPS HAVE OCCURRED PERIODICALLY IN THE PARTY AND GOVERNMENT STRUCTURE, THE PUBLICITY SUGGESTS THAT THE CURRENT ONE IS PARTICULARLY THOROUGH.

12. IN A LESS DRAMATIC MOVE, THE REGIME HAS OFFERED TO PAY "BONUSES" TO WHITE COLLAR WORKERS WHO VOLUNTEER FOR CIVIL WORK PROJECTS, SUCH AS ROAD REPAIR. ACCORDING TO PRESS ANNOUNCEMENTS LAST SUMMER, IT ALSO HAD PLANNED TO DIVERT 100,000 PERSONNEL FROM MILITARY TO PEACETIME TASKS.

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THIS PROMISE HAS NOT BEEN KEPT, BUT SINCE THE CEASEFIRE AGREEMENT OVER 40,000 PERSONNEL AND SEVERAL INTEGRAL UNITS HAVE RETURNED FROM THE SOUTH, AND SOME ARE BEING USED TO SUPPORT THE CIVILIAN LABOR FORCE. DURING THE 1972 OFFENSIVE THE GOVERNMENT LAUNCHED A REHABILITATION PROGRAM FOR DISABLED VETERANS, AND INDUSTRIAL AND AGRICULTURAL COOPERATIVES RECENTLY WERE ORDERED TO RESERVE 5 PERCENT OF THEIR JOB SLOTS FOR THEM. IN ADDITION THE REGIME HAS BEGUN TO RESUSCITATE ITS STUDENT EXCHANGE PROGRAMS WITH THE SOVIET UNION AND EAST EUROPEAN COUNTRIES. OVER 14,200 STUDENTS ARE SLATED TO GO ABROAD BEFORE END OF 1974. THE REGIME ALSO HAS PERSUADED MOST OF THE SOVIET BLOC COUNTRIES TO PROVIDE MORE TECHNICAL ADVISERS ALTHOUGH IT REMAINS TO BE SEEN WHETHER HANOI WILL ALLOW THESE ADVISERS ENOUGH FLEXIBILITY AND INITIATIVE TO BE EFFECTIVE.

13. SUCH PROGRAMS MAY OFFSET PART OF THE SKILLED LABOR SHORTAGE, BUT ONLY EXTENSIVE MILITARY DEMOBILIZATION COULD PROVIDE MAJOR RELIEF. AT PRESENT THERE ARE NO INDICATIONS THAT THIS IS LIKELY DESPITE THE EXFILTRATION OF SOME MILITARY PERSONNEL FROM THE SOUTH. IN 1973 OVER

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70,000 NORTH VIETNAMESE WERE INFILTRATED TO SOUTH VIETNAM--
ROUGHLY EQUAL TO THE AMOUNT IN SUCH "SLOW" WAR YEARS AS
1970 AND 1971--AND THE INDICATIONS ARE THAT AN EQUAL NUMBER
MAY MOVE SOUTH IN THE FIRST HALF OF 1974. ALTHOUGH THIS
IS BELOW THE INFILTRATION KEYED TO PREVIOUS "GENERAL
OFFENSIVES," IT IS SUFFICIENT TO PERPETUATE DISLOCATIONS
IN THE SOCIETY.

14. IN LATE 1973 THE SOVIET BLOC COUNTRIES PRESSURED
HANOI TO ADOPT A MORE RATIONAL APPROACH TO ECONOMIC MANAGE-
MENT AND PLANNING SO AS TO INSURE EFFICIENT USE OF FOREIGN
AID. AT THEIR PRODDING THE NORTH VIETNAMESE CONDUCTED AN
"INVENTORY OF STATE PROPERTY," TIGHTENED CRITERIA FOR THE
LICENSING OF THE FREE MARKET, AND AGREED TO ESTABLISH JOINT
ECONOMIC COMMISSIONS WITH THEIR AID DONORS TO OVERSEE THE
DISPOSITION OF AID PACKAGES. THE REGIME ALSO BEGAN PREPARING
AN ITERIM THREE-YEAR ECONOMIC PLAN TO TIDE THE COUNTRY OVER
UNTIL 1976 WHEN A FIVE-YEAR PLAN WAS TO BE INTRODUCED.
(THE LAST LONG-TERM PLAN WAS ABANDONED IN 1964 IN FAVOR OF
FLEXIBLE THREE-YEAR OR ONE-YEAR PLANS WHICH WERE MORE COM-
PATIBLE WITH HANOI'S CHANGING MILITARY STRATEGY.)

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15. THE NORTH VIETNAMESE, HOWEVER, ARE RELUCTANT TO MOVE TOO FAR, TOO FAST IN THE DIRECTION ENVISIONED BY THEIR ALLIES. ACCORDING TO INTELLIGENCE REPORTING THEY FEAR THAT GENUINE LONG-TERM ECONOMIC PLANNING WOULD JEOPARDIZE THEIR OVERALL POLITICAL FLEXIBILITY BY COMMITTING ASSETS TO SPECIFIC OBJECTIVES FAR IN ADVANCE. THEY ARE ALSO WARY OF COOPERATIVE ECONOMIC VENTURES AND OUTSIDE SUPERVISION WHICH COULD LIKEWISE LIMIT THEIR PREROGATIVES. THEY HAVE NOT, IN FACT, GIVEN MUCH SUPPORT TO THE JOINT ECONOMIC COMMISSIONS SET UP WITH THEIR ALLIES AND HAVE LIMITED THE ACCESS AND ACTIVITIES OF FOREIGN TECHNICIANS ON THEIR SOIL. THEY HAVE ALSO DRAGGED THEIR FEET IN RECENT ECONOMIC NEGOTIATIONS WITH FRANCE, JAPAN, CZECHOSLOVAKIA, SWEDEN AND OTHER COUNTRIES, IN PART, BECAUSE THEY DO NOT WANT TO GIVE THESE COUNTRIES ANY RIGHTS IN DISPOSING OF AID TO NORTH VIETNAM OR IN ORGANIZING TRADE PROGRAMS. THE REGIME HAS CONTINUED, FOR EXAMPLE, TO INSIST ON GRANTS-IN-AID, IN LIEU OF CLEARLY DEFINED AID PACKAGES KEYED TO PRE-DETERMINED PROJECTS.

B. AID AND TRADE

16. HANOI HAS CONTINUED TO RELY ON ITS TWO MAJOR ALLIES

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FOR MASSIVE ECONOMIC ASSISTANCE. IMPORTS IN 1973, PARTICULARLY OVERLAND THROUGH CHINA, WERE LARGER THAN EVER BEFORE, WITH THE CHINESE SUPPLANTING THE SOVIETS AS THE MAIN SUPPLIER OF PETROLEUM AND FOODSTUFFS. THE TOTAL VOLUME OF IMPORTS WAS 3 MILLION METRIC TONS--25 PERCENT HIGHER THAN DURING 1971 (2.4 MILLION METRIC TONS) WHEN THE SOVIETS PROVIDED THREE TIMES AS MUCH ASSISTANCE, IN U.S. DOLLAR TERMS, AS DID THE CHINESE. (IN 1972, ALTHOUGH IMPORT VOLUMES WERE DOWN TO 1.7 MILLION METRIC TONS AS RESULT OF THE U.S. MININGS, THE RATIO OF SOVIET TO CHINESE ECONOMIC AID REMAINED ABOUT THE SAME.) PETROLEUM IMPORTS IN 1973 WERE DOUBLE THAT OF ANY PREVIOUS YEAR (IN 1971 AND 1972, VOLUMES WERE ABOUT 390,000 METRIC TONS RESPECTIVELY) WHILE FOOD DELIVERIES APPROXIMATED THE RECORD LEVEL OF 800,000 METRIC TONS IN 1968.

17. ECONOMIC AID FROM EAST EUROPE INCREASED IN 1973, AND, AS PART OF THEIR COMMITMENTS FOR 1974, VARIOUS SOVIECI BLOC COUNTRIES CONTRACTED TO HELP REBUILD NORTH VIETNAMESE CITIES AND TO TRAIN TECHNICIANS. LIKE THE SOVIETS, MANY OF THEM ALSO CANCELED "DEBTS" WHICH HANOI HAD INCURRED DURING THE WAR. THEY ALSO JOINED THE SOVIETS IN PRESSING HANOI TO

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UNDERTAKE MORE RATIONAL ECONOMIC PLANNING. JAPAN REMAINED NORTH VIETNAM'S MOST IMPORTANT FREE WORLD TRADING PARTNER AND DONOR, OFFERING A \$20 MILLION GRANT-IN-AID FOR FISCAL YEAR 1974.

C. FOREIGN RELATIONS

18. AT THE YEAR'S END HANOI CONTINUED TO REFLECT UNCERTAINTY OVER THE RELIABILITY OF ITS TWO PRIMARY ALLIES. IN EARLY FALL, THE PARTY AND THE ARMY NEWSPAPERS LECTURED THE SOVIETS AND THE CHINESE ON THE DANGERS OF DETENTE WITH THE U.S. AND COMPLAINED THAT THE WORLD SYSTEM HAD BEEN TRANSFORMED INTO A MULTI-POLAR RELATIONSHIP WHICH COULD PARALYZE SMALL COUNTRIES. THE COMMUNIST HIGH COMMAND IN THE SOUTH CAUTIONED TROOPS NOT TO LISTEN TO SOVIET PROPAGANDA BROADCAST AND ACCUSED THE CHINESE OF AID CUTBACKS AND OF HAVING OPPOSED A STEP-UP IN MILITARY ACTIVITY. PRIOR TO THE GREAT POWER SUMMITRY IN LATE 1972 AND EARLY 1973, HANOI SELDOM IF EVER DEBATED SOVIET OR CHINESE RELIABILITY IN OPEN MEDIA OR CADRE BRIEFINGS.

19. AGAINST THIS BACKDROP OF SHIFTING GREAT POWER RELATIONS, HANOI CONTINUED IN 1973 TO RETHINK ITS POSITION VIS-A-VIS THE THIRD WORLD AND EUROPE. AS IN LATE 1972, IT CONTINUED

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TO CULTIVATE ITS IMAGE AS A LEADER OF NON-ALIGNED NATIONS (ALTHOUGH IT DID NOT PUSH FOR ADMISSION TO THE AUTUMN NON-ALIGNED SUMMIT IN ALGIERS.)

IT ALSO SUPPORTED THE ARAB COUNTRIES IN THE MIDDLE EAST CONFLICT. THE POTENTIAL OF JAPAN AS AN AID GIVER AND TRADING PARTNER MADE IT A TARGET FOR HANOI'S POLITICAL OVERTURES, ALTHOUGH THE ESTABLISHMENT OF FULL RELATIONS IS HELD UP OVER THE ISSUE OF WAR REPARATIONS AND RECOGNITION OF THE COMMUNIST PROVISIONAL REVOLUTIONARY GOVERNMENT (PRG) IN THE SOUTH. IN THE WAKE OF CANBERRA'S CRITICISM OF THE U.S. AND THE GVN, THE NORTH VIETNAMESE OPENED FORMAL RELATIONS WITH AUSTRALIA AND HOSTED AN AUSTRALIAN TRADE DELEGATION IN THE FALL.

20. THE REGIME ALSO GAVE SIGNS OF RE-EVALUATING ITS POSITION TOWARD WESTERN EUROPE. THE ARMY NEWSPAPER IN DECEMBER ADVISED IN CONVENTIONAL TERMS THAT HANOI WRITE OFF WESTERN EUROPE AS A "U.S. LACKEY," BUT THE PARTY ORGAN RETORTED THAT WESTERN EUROPE MIGHT BE OF USE IF IT COULD BE "SEPARATED" FROM THE U.S. DURING PART OF THE YEAR, THE REGIME LEANED TOWARDS THE CONCILIATORY LINE TO THE EXTENT OF EXPANDING TRADE TALKS

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WITH THE ITALIANS AND THE FRENCH AND OFFERING TO ESTABLISH FULL DIPLOMATIC RELATIONS WITH THE BRITISH. BY YEAR'S END, HOWEVER, IT HAD BACKED OFF, MAKING ACCREDITATION OF A BRITISH AMBASSADOR AND ASSIGNMENT OF AN AMBASSADOR TO FRANCE, CONTINGENT IN PART ON THEIR RECOGNITION OF THE PRG. ITALIAN AND FRENCH OIL PROSPECTORS, MEANWHILE, WERE TOLD THAT NO DECISION WOULD BE MADE ON POSSIBLE CONCESSIONS BEFORE APRIL 1974.

21. HANOI'S SUSPICIONS OF THE U.S. AND THE GVN CONTINUED IN 1973. AFTER A SUSPENSION OF PROPAGANDA ATTACKS AT THE TIME OF THE JUNE CEASEFIRE COMMUNIQUE, THE REGIME RETURNED TO THE VERBAL OFFENSIVE, BLAMING WASHINGTON AND SAIGON FOR THE FIGHTING IN SOUTH VIETNAM. LATER ITS PROPAGANDISTS BEGAN ASSAILING SPECIFIC OFFICERS OF THE U.S. EMBASSY IN SAIGON. SOME OF THESE ATTACKS WERE DESIGNED TO SUPPORT CHARGES OF A CONTINUED U.S. PRESENCE IN SOUTH VIETNAM, BUT MANY BETRAYED REAL HEARTBURN ABOUT THE FUTURE. HANOI'S UNCERTAINTIES WERE ALSO REFLECTED IN ITS EFFORTS TO EXPAND THE AIR DEFENSE SYSTEM IN NORTH VIETNAM ITSELF. AS THE YEAR DREW TO A CLOSE, THE NORTH VIETNAMESE BEGAN ANGLING FOR NEW ASSURANCES OF THE U.S.

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COMMITMENT TO THE CEASEFIRE, AND ONE OF THE RECURRING THEMES IN THEIR PUBLIC COMMENT ON DR. KISSINGER'S TALKS WITH LE DUC THO IN DECEMBER WAS THE NEED FOR THE U.S. TO MAKE GOOD ON ITS PROMISES OF RECONSTRUCTION AID TO NORTH VIETNAM.

22. THE FEELING OF FRUSTRATION IN HANOI ABOUT POST-CEASE-FIRE DEVELOPMENTS IS HEIGHTENED BY THE APPRECIATION THAT DURING 1973 THE GOVERNMENT OF PRESIDENT THIEU HAS BEEN STRENGTHENED AND STABILIZED "FROM THE CENTRAL LEVEL DOWN TO VILLAGES AND HAMLETS." A RECENT COSVN RESOLUTION EXPLAINS THAT (THIEU) HAS BEEN ABLE TO MAKE EFFECTIVE USE OF (HIS) POLICE AND ESPIONAGE MACHINERY AND THAT "OWING TO ITS PSYCHOLOGICAL WARFARE TRICKS AND OTHER DECEPTIONS, THE ENEMY HAS SWAYED A LARGE PROTION OF THE PEOPLE IN THE AREA UNDER ITS CONTROL.) ALTHOUGH THE SAME RESOLUTION ANTICIPATES THAT REVOLUTIONARY GAINS CAN BE EXPECTED WITH THE ECONOMY OF SOUTH VIETNAM COLLAPSING, IT ALLOWS THAT THIEU HAS CERTAIN OPTIONS TO AVOID SUCH COLLPASE. AT THE SAME TIME IT IS CONCEDED THAT THE COMMUNIST ECONOMY IS NOT STRONG BECAUSE "WE HAVE NOT HAD ENOUGH TIME TO NORMALIZE THE ECONOMIC LIFE OF THE PEOPLE IN THE LIBERATED AREAS AND WE ARE STILL DEPENDENT ON THE ENEMY-CONTROLLED AREAS FOR SUPPLIES." IN THE

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WORDS OF THIS IMPORTANT COMMUNIST DOCUMENT "THE PUPPET ARMY (MEANING THE ARMED FORCES OF THE GVN) IS LARGE IN NUMBER, WELL EQUIPPED AND WELL TRAINED. THE REGIONAL AND POPULAR FORCES ARE ABLE TO REPLACE THE MAIN FORCE IN MANY THEATERS." THE CADRE ARE LEFT IN NO DOUBT ABOUT THE DIFFICULTIES OF THE CONTINUING STRUGGLE AND THAT EVEN THE LIGHT AT THE END OF THE TUNNEL MAY BE SOME DISTANCE AWAY.

D. DISCIPLINE AND LEADERSHIP

23. AS PROBLEMS MOUNTED ON THE INTERNATIONAL FRONT IN 1973, THE REGIME FACED NEW CHALLENGES TO THE ACCEPTED ORDER AT HOME. THE INVENTORY OF STATE PROPERTY REVEALED WIDESPREAD CORRUPTION, AND THE REGIME WAS OBLIGED TO LAUNCH A LAW-AND-ORDER CAMPAIGN IN EARLY FALL, WITH DRAGNETS AGAINST BLACK MARKETEERS AND A NEW PROPAGANDA PLEA FOR DISCIPLINE. IT ALSO STEPPED UP CRITICISM OF THE COUNTRY'S 200,000 CHINESE, POSSIBLY TO DIVERT ATTENTION FROM ITS OWN FAILINGS.

24. THE LEADERSHIP ITSELF RODE OUT THE YEAR WITHOUT ANY APPARENT ALTERATIONS. LE DUAN REMAINED ON TOP AS PARTY FIRST SECRETARY, REPRESENTING THE COUNTRY AT THE AID AND STRATEGY TALKS IN MOSCOW AND PEKING IN JULY AND AUGUST AND AT THE MINI-

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INDOCHINA SUMMIT AT SAM NEUA, LAOS, IN NOVEMBER. THERE WERE INDICATIONS, HOWEVER, THAT SOMEONE IN THE LEADERSHIP WAS COMING UNDER CRITICISM. DURING SEPTEMBER, THE ARMY NEWSPAPER SOUGHT TO DEFEND THE 1972 OFFENSIVE, THE REGIME'S DECISION TO ACCEPT THE CEASEFIRE AND IT DETERMINATION TO CONTINUE FIGHTING AT A REDUCED LEVEL. AS AN APOLOGIA FOR PAST POLICY, THE COMMENTARY PROVIDED INDIRECT PROOF OF DISSATISFACTION WITHIN THE BUREAUCRACY, PERHAPS WITHIN THE MILITARY ITSELF.

25. GENERAL GIAP, THE REGIME'S TOP MILITARY FIGURE, REMAINED CONSPICUOUSLY OUT OF SIGHT DURING THE AIRING OF THESE VIEWS. SOME REPORTS INDICATED THAT HE WAS ILL AND CONVALESCING ABROAD, ALTHOUGH THERE WAS SPECULATION AMONG WESTERN ANALYSTS THAT HIS INDISPOSITION MIGHT BE MORE POLITICAL THAN PHYSICAL.

26. THE INTERPLAY OF WAR AND SEMI-PEACE IN 1973 THRUST SEVERAL NORTH VIETNAMESE SPECIALISTS TO THE FORE. WHILE TRUONG CHINH REMAINED NOMINALLY NUMBER TWO MAN IN THE REGIME, WITH CHIEF RESPONSIBILITY FOR RECONSTRUCTION, VICE PREMIER DO MUOI EMERGED AS CZAR OF THE CONSTRUCTION INDUSTRY AND LE

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THANH NGHI, AS COORDINATOR OF INDUSTRIAL REVIVAL. CHIEF OF STAFF GENERAL VAN TIEN DUNG BECAME GIAP'S STAND-IN AT CEREMONIAL FUNCTIONS (AS WELL AS DURING A COVERT TOUR OF PRG TERRITORY IN THE SOUTH), BUT FREQUENT PRESS REFERENCES TO GENERAL TRAN SAM, ARCHITECT OF THE LOGISTICS SYSTEM IN LAOS AND SOUTH VIETNAM, UNDERScoreD HIS IMPORTANCE IN THE MILITARY HIERARCHY. AT YEAR'S END, THERE WAS SPECULATION AMONG WESTERN OBSERVERS THAT CHIEF NEGOTIATORS LE DUC THO MIGHT BE SLATED FOR PROMOTION TO THE POSITION OF PRESIDENT OF NORTH VIETNAM, NOW HELD BY THE AGED TON DUC TUONG.

27. THE SORTING OUT OF THE PECKING ORDER AT THE END OF THE YEAR WAS ACCOMPANIED BY PREPARATIONS FOR A MAJOR POLITICAL HOUSE-STRAIGHTENING. NO LESS THAN THREE "MASS ORGANIZATIONS"--THE VIETNAM FEDERATION OF TRADE UNIONS, THE HO CHI MINH WORKING YOUTH UNION, AND THE VIETNAM WOMEN'S UNION--SCHEDULED CONGRESSES IN EARLY 1974, AND THE PARTY ITSELF HAD RECENTLY HELD IMPRTANT STRATEGY SESSIONS INITIAL REPORTS ON A LAO DONG PARTY CENTRAL COMMITTEE "RESOLUTION 21" SUGGESTED THAT HANOI HAD OPTED, AT LEAST TEMPORARILY, FOR A HOLDING ACTION IN THE SOUTH WHICH

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WOULD ENABLE IT TO REBUILD THE ECONOMY AT HOME AND STRENGTHEN THE PRG'S FOOTHOLD IN SOUTH VIETNAM AT NO SUBSTANTIAL NEW COST. IT SEEMED SIGNIFICANT IN THIS REGARD THAT HANOI'S DEFINITIVE STATEMENT ON THE PARIS ACCORDS, PROMISED IN MID-SUMMER, WAS DELAYED UNTIL THE END OF THE YEAR, AND EVEN THEN WAS NO MORE THAN A REHASH OF OLD THEMES. SOME WESTERN OBSERVERS SUGGESTED THAT THIS WAS DUE TO THE REGIME'S INABILITY TO DECIDE ON A LONG-TERM COURSE OF ACTION AND ON AN INTERPRETATION OF RECENT HISTORY. SUCH SPECULATION WAS STRENGTHENED BY THE CONFLICTING RUMORS OF AN IMPENDING "FOURTH PARTY CONGRESS" (THE "THIRD" WAS HELD IN 1960). THERE WAS EVIDENCE AT YEAR'S END THAT THE CONFERENCE HAD BEEN RESCHEDULED SEVERAL TIMES, FROM EARLY 1974 TO EARLY SUMMER AND PERHAPS BACK AGAIN.

CONCLUSION

28. NORTH VIETNAM IS NEITHER COMFORTABLE WITH THE CEASE-FIRE AGREEMENT AS IT HAS EVOLVED NOR ABLE TO TAKE ADVANTAGE OF ITS POTENTIAL BENEFITS FOR THE HOME FRONT. DECISIONS REMAIN HALF-FORMED, THE POPULATION CONTINUES TO BE POORLY ORGANIZED FOR PEACETIME PURSUITS, AND THE PUBLIC MEDIA INDICATE NEW

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OFFICIAL CONCERN OVER POPULAR DISCIPLINE AND WORK HABITS, THE CORNERSTONE OF NATIONAL POLICY, THE CERTAINTY OF SOVIET AND CHINESE POLITICAL AND MILITARY SUPPORT, IS BEING VIEWED BY HANOI -- RIGHTLY OR WRONGLY -- AS WEAKENED BY GREAT POWER DETENTE. DESPITE THE CONTINUING COMMUNIST BUILDUP IN SOUTH VIETNAM THE BALANCE OF FORCES BETWEEN THE TWO SIDES HAS NOT BEEN ALTERED SINCE THE CEASEFIRE AGREEMENT. THE REGIME IS UNDER PRESSURE FROM ITS ALLIES -- AND BECAUSE OF ECONOMIC FACTORS BEYOND ITS CONTROL -- TO IMPROVE ECONOMIC MANAGEMENT. IT MAY THEREFORE HAVE TO MAKE SOME POTENTIALLY FAR-REACHING POLICY DECISIONS PERHAPS SOONER THAN IT WOULD LIKE. IT DOES NOT SEEM LIKELY, HOWEVER, THAT HANOI WOULD BE WILLING TO GIVE UP ON ITS LONG-RANGE OBJECTIVES IN THE SOUTH, EVEN THOUGH IT MAY PURSUE THESE WITH LESS THAN ITS PREVIOUS FULL VIGOR.

29. THIS APPRAISAL WAS READ BY AMBASSADOR MARTIN WHO POSES NO OBJECTION TO ITS DISSEMINATION.

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